

Surface Mining Reclamation and Enforcement, Interior

§ 1220.002

described in *Explanation of Payment* reports prepared by the ONRR. These reports will be at the lease level and shall include a description of the type of payment being made, the period covered by the payment, the source of the payment, sales amounts upon which the payment is based, the royalty rate, and the unit value. Should any State or Indian tribe desire additional information pertaining to mineral revenue payments, the State or tribe may request this information from the ONRR.

(b) The report shall be provided to:

- (1) States not later than the 10th day of the month following the month in which ONRR disburses the State's share of royalties and related monies;
- (2) the BIA on behalf of tribes and Indian allottees not later than the 10th day of the month following the month the funds are disbursed by ONRR.

(c) Revenues that cannot be distributed to States, tribes, or Indian allottees because the payor/lessee provided incorrect, inadequate, or incomplete information, preventing ONRR from properly identifying the payment to the proper recipient, shall not be included in the reports until the problem is resolved.

§ 1219.105 Definitions.

Terms used in this subpart shall have the same meaning as in 30 U.S.C. 1702.

PART 1220—ACCOUNTING PROCEDURES FOR DETERMINING NET PROFIT SHARE PAYMENT FOR OUTER CONTINENTAL SHELF OIL AND GAS LEASES

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AUTHORITY: Sec. 205, Pub. L. 95-372, 92 Stat. 643 (43 U.S.C. 1337).

SOURCE: 45 FR 36800, May 30, 1980, unless otherwise noted. Redesignated at 48 FR 1182, Jan. 11, 1983, and further redesignated at 48 FR 35642, Aug. 5, 1983, 75 FR 61087, Oct. 4, 2010.

§ 1220.001 Purpose and scope.

(a) This part 1220 establishes accounting procedures for determining the net profit share base and calculating net profit share payments due the United States for the production of oil and gas from OCS leases.

(b) The procedures established by this part 1220 apply to any OCS lease issued by the Department of the Interior under any bidding system established by § 1260.110(a) of this title which has a net profit share component.

[45 FR 36800, May 30, 1980, as amended at 46 FR 29689, June 2, 1981. Redesignated at 48 FR 1182, Jan. 11, 1983. Amended at 48 FR 35642, Aug. 5, 1983]

§ 1220.002 Definitions.

For purposes of this part 220:

Allowance for capital recovery means the amount calculated according to procedures specified in § 1220.020. This amount allows a premium for risk initially undertaken by the lessee and a return on investment made during the capital recovery period. It is provided in lieu of interest on equipment and materiel charged to the NPSL capital account.

Capital recovery period means the period of time that begins on the date of issuance of the NPSL and ends on the last day of the month during which the sooner of the following occurs:

(1) The lessee completes the last well on the first platform specified in the development and production plan originally approved by the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE), with any approved amendments thereto, and installation of wellhead equipment. In the event the last well is dry, then the capital recovery period shall be deemed